

HOUSE BILL 2355

By Littleton

AN ACT to amend Tennessee Code Annotated, Section 57-3-202, relative to manufacturer's or distiller's licenses.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 57-3-202(i), is amended by adding the following new subdivision:

(6)

(A) Notwithstanding any law to the contrary, and in addition to any rights and abilities already permitted under this subsection (i), a manufacturer electing to exercise the rights granted to it under this subsection (i), may sell alcoholic beverages at retail, sell alcoholic beverages for consumption on the premises, and serve samples of any finished product that is transferred from another site for which a manufacturer's license under this section has been issued to the same licensee, only under the circumstances and conditions as outlined in this subdivision (i)(6).

(B) A manufacturer may sell product transferred between different sites described in one (1) manufacturer's alcohol and tobacco tax and trade bureau (TTB) permit; provided, that:

(i) The site identified as the plant address in the manufacturer's alcohol and tobacco tax and trade bureau (TTB) permit manufactures a minimum of one thousand (1,000) proof gallons at that site annually (prorated for partial years);

(ii) Any site receiving transferred product has a minimum of two thousand square feet (2,000 sq. ft.) of bonded premises;

(iii) Any site transferring product only transfers product that is manufactured at that site or manufactured at another site for which a manufacturer's license under this section has been issued to the same licensee; and

(iv) Any site transferring or receiving transferred product must hold a manufacturer's license issued pursuant to this section.

(C) A manufacturer may sell product transferred between sites described in separate manufacturer's alcohol and tobacco tax and trade bureau (TTB) permits; provided, that:

(i) Any site transferring or receiving transferred product must hold a manufacturer's license issued pursuant to this section. Any site transferring product must have held the manufacturer's license for a minimum of five (5) years;

(ii) Any site receiving transferred product shall not receive more transferred product than the equivalent amount of the proof gallons distilled at the receiving site for each calendar year; and

(iii) Any site transferring product shall only transfer product that is distilled at that site or distilled at another site for which a manufacturer's license under this section has been issued to the same licensee.

(D) Any manufacturer transferring or receiving product pursuant to this subdivision (i)(6) shall comply with the following requirements:

(i) Provide written notice to the commission regarding the manufacturer's intent to transfer product, which notice shall specify the manufacturer's qualifications to transfer product pursuant to (i)(6)(B) or

(i)(6)(C) and identify the address of each licensed premises that will transfer or receive transferred product;

(ii) The manufacturer shall comply with subdivision (i)(2) and the distance restrictions in § 57-2-109 and § 57-2-103(d)(6), as applicable;

(iii) A manufacturer transferring or receiving product pursuant to subdivision (i)(6)(B) shall maintain sufficient records documenting that the gallonage and transfer requirements of subdivision (i)(6)(B)(i) are being met and, with its annual renewal, shall file a copy of such records along with copies of the manufacturer's TTB Forms 5110.40 and 5110.28 and an affidavit certifying the amount of product manufactured at the site to document that the licensee has complied with the gallonage and transfer requirements; and

(iv) A manufacturer transferring or receiving product pursuant to subdivision (i)(6)(C) shall maintain sufficient records documenting that the gallonage and transfer requirements of subdivision (i)(6)(C)(ii) are being met and, with its renewal, shall file a copy of such records along with copies of the manufacturer's TTB Form 5110.40 and an affidavit certifying the amounts of product distilled at the site receiving transferred product and the amount of transferred product the site received to document that the licensee has complied with the gallonage and transfer requirements.

(E) Any records or reports filed in accordance with subdivision (i)(6)(D) are privileged and confidential and are not public records.

(F) Failure to comply with the gallonage and transfer requirements of this subdivision (i)(6) may result in a civil penalty not to exceed ten dollars (\$10.00) per gallon of the difference between the required gallonage and that disclosed in

the licensee's affidavit filed in accordance with subdivision (j)(6)(D). Failure to comply with the gallonage and transfer requirements more than once within a three-year period may result in suspension or revocation of the manufacturer's license.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.